

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Joint Application of Lodi Gas Storage, L.L.C.
(U-912-G), Western Hub Properties L.L.C. and
WHP Acquisition Company II, L.L.C. for
Expedited *Ex Parte* Authorization to Transfer
Western Hub Properties' Control of Lodi Gas
Storage, L.L.C. to WHP Acquisition Company II,
L.L.C. Through the Sale of Western Hub
Properties' 50% Interest in Lodi Holdings, L.L.C.
to WHP Acquisition Company II, L.L.C.,
Pursuant to Public Utilities Code Section 854(a).

Application 05-08-031
(Filed August 24, 2005)

**ASSIGNED COMMISSIONER'S AND ADMINISTRATIVE LAW JUDGE'S
RULING AND SCOPING MEMO**

Summary

In this joint application, Lodi Gas Storage, L.L.C. (LGS), Western Hub Properties L.L.C. (Western Hub) and WHP Acquisition Company II, L.L.C. (WHP Acquisition II) seek authorization under § 854(a) of the Public Utilities Code to transfer Western Hub's 50% interest in Lodi Holdings, L.L.C. (Lodi Holdings), the parent company of LGS, to WHP Acquisition II, which is a wholly-owned subsidiary of ArcLight Energy Partners Fund II, L.P. (ArcLight Fund II). The application notes that in Decision (D.) 03-02-071, this Commission approved the transfer of the other 50% interest in Lodi Holdings to WHP Acquisition Company (WHP Acquisition), which is a wholly-owned subsidiary of ArcLight Energy Partners Fund I, L.P. (ArcLight Fund I). ArcLight Fund I and ArcLight Fund II, which were formed to invest in the power

and energy industries, are both managed by ArcLight Capital Partners, L.L.C., an investment manager headquartered in Boston. Thus, if the proposed transaction is approved, its practical effect will be to bring Lodi Holdings and LGS – the latter of which was granted a certificate of public convenience and necessity (CPCN) by this Commission in D.00-05-048¹ -- under unified management and control.

The applicants also assert that because the application seeks only an indirect change of control of Lodi Holdings and LGS, and would not result in any change in the way LGS operates, it can be seen with certainty that the application would have no significant effect upon the environment, and so should be exempt from review under the California Environmental Quality Act (CEQA). Accordingly, as with the transfer of the 50% interest to Western Hub that was approved in D.03-02-071, applicants request a finding that the proposed transfer is exempt from further review pursuant to § 15061(b)(3)(1) of the CEQA Guidelines.

Notice of the application appeared in the Commission's Daily Calendar on August 29, 2005. No protests were filed within the 30-day period provided for in Rule 44.1 of the Commission's Rules of Practice and Procedure (Rules). Accordingly, there appears to be no need to hold a prehearing conference (PHC) in this proceeding.

Pursuant to Rules 6(a)(3) and 6.3, we are issuing this ruling and scoping memo to confirm the proceeding category, establish the issues and timetable for the proceeding, and to designate the presiding officer.

¹ This CPCN was subsequently modified in Decisions 03-08-048, 04-05-034 and D.04-05-046.

Scope of Proceeding

This proceeding will address the following issues:

- a. Is the proposed transfer of a 50% interest in Lodi Holdings (and thereby indirect control of LGS) from Western Hub to WHP Acquisition II in the public interest?
- b. Is it clear that the proposed transfer of a 50% interest in Lodi Holdings from Western Hub to WHP Acquisition II will have no significant effect upon the environment, so that the transaction should be exempted from further review under CEQA?

Schedule

In their application, the applicants requested expedited treatment, argued that a hearing was not necessary, and urged the Commission to issue a decision granting the application at its November 18, 2005 meeting. While that target is overly ambitious, in view of the absence of any protests to the application, it does appear feasible to place this matter on the Commission's agenda for the December 1, 2005 meeting.

Accordingly, the following schedule is hereby adopted:

Application appears in Daily Calendar	August 29, 2005
Protest period expires	September 28, 2005
ALJ's Draft Decision (DD) issued	November 1, 2005
Commission considers DD at business meeting	December 1, 2005

Resolution of this proceeding is anticipated by the end of December 2005.

Categorization and Need for Hearing

This ruling confirms that this is a ratesetting proceeding and that a hearing is not required, as preliminarily determined in Resolution ALJ 176-3158.

Presiding Officer

ALJ McKenzie is hereby designated as the presiding officer pursuant to Rule 5(k)(2).

Final Oral Argument Before the Commission

Any party wishing to exercise the right under Rule 8(d) to make a final oral argument before the Commission must file a written request therefor and serve it on all parties and on the assigned Commissioner and assigned ALJ within five calendar days after the mailing date of the ALJ's draft decision.

Pursuant to the discussion set forth above, **IT IS RULED** that:

1. The issues to be considered are those described in this ruling.
2. The schedule for the proceeding is as set forth herein.
3. This is a ratesetting proceeding.
4. A hearing is not necessary.
5. Administrative Law Judge (ALJ) A. Kirk McKenzie is designated as the presiding officer.
6. Any party wishing to make a final oral argument before the Commission must file a written request therefor and serve it on all parties and on the assigned Commissioner and assigned ALJ within five calendar days after the mailing date of the ALJ's draft decision.

Dated October 19, 2005, at San Francisco, California.

/s/ John Bohn
John Bohn
Assigned Commissioner

/s/ A. McKenzie
A. Kirk McKenzie
Administrative Law Judge

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Assigned Commissioner's and Administrative Law Judge's Ruling and Scoping Memo on all parties of record in this proceeding or their attorneys of record.

Dated October 19, 2005, at San Francisco, California.

/s/ Antonina V. Swansen
Antonina V. Swansen

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, *e.g.*, sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.